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**NATIONAL  
FOOD PRODUCTS CORPORATION**

*Annual Report*

1968

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# NATIONAL FOOD PRODUCTS CORPORATION

## *Annual Report*

FOR THE YEAR ENDING DECEMBER 31, 1968

February 28, 1969

*To the Stockholders:*

For the fiscal year ending December 31, 1968 the total income received by the Company amounted to \$1,403,451 as compared with \$1,350,684 for the year 1967 — an increase of 3.91%.

Net income after all expenses and provision for Federal taxes amounted to \$1,263,169 as compared with \$1,223,413 for the year 1967 — an increase of 3.25%.

Dividends paid during the year 1968 totalled \$1.62 per share as compared with \$1.57 in 1967. Total dividends paid amounted to \$1,230,100. Quarterly dividends of 38 cents per share were paid during the year and an extra dividend of 10 cents per share was paid on December 10, 1968.

During the year the Company purchased 1,400 shares of its own capital stock for its treasury account — reducing the number of shares outstanding to 759,227 at the year end.

The Company at December 31, 1968 and December 31, 1967 owned 945,794 shares, or 33.8%, of the outstanding common stock of Colonial Stores Incorporated. The Company also owned \$600,000 U. S. Treasury Bills due February 27, 1969.

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The balance sheet, which is a part of this report, shows as of December 31, 1968 the total market value of all investments as \$28,967,920 compared with \$23,294,310 at the end of 1967. The Company has no debt outstanding.

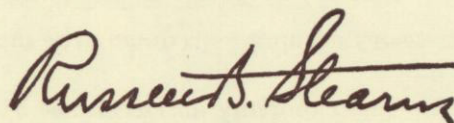
The earnings of the Company are derived principally from dividends received from Colonial Stores Incorporated. Colonial paid quarterly dividends on its common stock of 35 cents per share and an extra dividend of 5 cents per share was paid December 1, 1968.

Colonial's earnings per share for the 1968 fiscal year amounted to \$2.96 including extraordinary items, after taxes, of 31 cents per share. Earnings per share for the past five prior years, before deducting certain special items charged against prior years' retained earnings were as follows: 1967 \$2.51 (as adjusted for an income tax examination and certain reclassifications), 1966 \$2.63, 1965 \$2.26, 1964 \$2.02, 1963 \$1.71.

The enclosed annual report of Colonial Stores Incorporated should be read carefully in conjunction with the report of National Food Products Corporation.

On March 27, 1968 Mr. John M. Foster retired as a Director of the Company after having served as director and legal counsel for thirty-seven years with great loyalty and distinction. His advice and counsel were invaluable. As of the same date, Mr. Ernest F. Boyce, President of Colonial Stores Incorporated, was elected a Director in his place.

Respectfully submitted,

A handwritten signature in dark ink, reading "Russell B. Stearns". The signature is written in a cursive style with a prominent initial "R" and a long, sweeping underline.

*President*

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## *Accountants' Report*

THE BOARD OF DIRECTORS  
NATIONAL FOOD PRODUCTS CORPORATION:

We have examined the balance sheet of National Food Products Corporation as of December 31, 1968 and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We inspected or confirmed by correspondence the investment securities and we confirmed the cash in banks by certificates from the depositaries.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of National Food Products Corporation at December 31, 1968 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & Co.

Boston, Massachusetts  
January 29, 1969

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NATIONAL FOOD PRODUCTS CORPORATION

*Balance Sheet*

DECEMBER 31, 1968  
with comparative figures for 1967

| ASSETS                                                                                                  |                    |                    |
|---------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                         | 1968               | 1967               |
| Investments:                                                                                            |                    |                    |
| Colonial Stores Incorporated (a controlled company) common stock,<br>at cost — 945,794 shares . . . . . | \$5,079,804        | \$5,079,804        |
| United States Treasury Bills, at cost plus accrued interest . . . . .                                   | 594,734            | 595,048            |
| Total investments* . . . . .                                                                            | 5,674,538          | 5,674,852          |
| Cash . . . . .                                                                                          | 51,313             | 77,179             |
|                                                                                                         | <u>\$5,725,851</u> | <u>\$5,752,031</u> |

\*Quoted market value 1968 — \$28,967,920, 1967 — \$23,294,310.

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## NATIONAL FOOD PRODUCTS CORPORATION

### *Balance Sheet*

DECEMBER 31, 1968  
with comparative figures for 1967

#### LIABILITIES AND STOCKHOLDERS' EQUITY

|                                                                                                         | 1968               | 1967               |
|---------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Accounts payable and accrued expenses.....                                                              | \$ 7,959           | \$ 10,258          |
| Federal income taxes.....                                                                               | 67,288             | 87,916             |
| Capital stock and surplus:                                                                              |                    |                    |
| Capital stock:                                                                                          |                    |                    |
| Authorized 1,000,000 shares of common stock of the par value of \$1<br>each; issued 817,952 shares..... | 817,952            | 817,952            |
| Surplus:                                                                                                |                    |                    |
| Capital surplus.....                                                                                    | 2,260,590          | 2,264,758          |
| Earned surplus.....                                                                                     | 2,630,787          | 2,628,472          |
|                                                                                                         | 4,891,377          | 4,893,230          |
|                                                                                                         | 5,709,329          | 5,711,182          |
| Less treasury stock at par value, 1968 — 58,725 shares, 1967 — 57,325<br>shares.....                    | 58,725             | 57,325             |
| Total stockholders' equity.....                                                                         | 5,650,604          | 5,653,857          |
|                                                                                                         | <u>\$5,725,851</u> | <u>\$5,752,031</u> |

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## NATIONAL FOOD PRODUCTS CORPORATION

### *Statement of Income*

YEAR ENDED DECEMBER 31, 1968  
with comparative figures for 1967

|                                                                 | 1968               | 1967               |
|-----------------------------------------------------------------|--------------------|--------------------|
| Income:                                                         |                    |                    |
| Dividends — Colonial Stores Incorporated (a controlled company) | \$1,371,401        | \$1,318,861        |
| Interest on United States Government securities                 | 32,050             | 31,823             |
|                                                                 | <u>1,403,451</u>   | <u>1,350,684</u>   |
| Expenses:                                                       |                    |                    |
| Salaries                                                        | 23,000             | 23,000             |
| Legal and audit fees                                            | 2,325              | 2,836              |
| Transfer agency fees                                            | 4,403              | 4,227              |
| Directors' fees                                                 | 850                | 650                |
| Taxes (other than Federal income taxes)                         | 1,621              | 1,553              |
| General expenses                                                | 7,200              | 7,089              |
|                                                                 | <u>39,399</u>      | <u>39,355</u>      |
| Income before Federal income taxes                              | 1,364,052          | 1,311,329          |
| Federal income taxes                                            | 100,883            | 87,916             |
| Net income                                                      | <u>\$1,263,169</u> | <u>\$1,223,413</u> |
| Net income per share of capital stock                           | <u>\$1.66</u>      | <u>\$1.61</u>      |

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## NATIONAL FOOD PRODUCTS CORPORATION

### *Statement of Surplus*

YEAR ENDED DECEMBER 31, 1968  
with comparative figures for 1967

#### CAPITAL SURPLUS

|                                                                                                       | 1968               | 1967               |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Amount at beginning of year . . . . .                                                                 | \$2,264,758        | \$2,264,758        |
| Deduct — amounts attributed to shares of common stock purchased<br>and held in the treasury . . . . . | 4,168              | —                  |
| Amount at end of year . . . . .                                                                       | <u>\$2,260,590</u> | <u>\$2,264,758</u> |

#### EARNED SURPLUS

|                                                                                                                                                      |                    |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Amount at beginning of year . . . . .                                                                                                                | \$2,628,472        | \$2,599,243        |
| Net income for the year . . . . .                                                                                                                    | 1,263,169          | 1,223,413          |
|                                                                                                                                                      | <u>3,891,641</u>   | <u>3,822,656</u>   |
| Deduct:                                                                                                                                              |                    |                    |
| Cash dividends paid, 1968 — \$1.62 per share, 1967 — \$1.57 per share                                                                                | 1,230,100          | 1,194,184          |
| Excess of cost over par value and amounts attributed to capital<br>surplus of shares of common stock purchased and held in the<br>treasury . . . . . | 30,754             | —                  |
|                                                                                                                                                      | <u>1,260,854</u>   | <u>1,194,184</u>   |
| Amount at end of year . . . . .                                                                                                                      | <u>\$2,630,787</u> | <u>\$2,628,472</u> |

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## NATIONAL FOOD PRODUCTS CORPORATION

24 FEDERAL STREET  
BOSTON, MASSACHUSETTS 02110

### *Officers*

|                              |                                                    |
|------------------------------|----------------------------------------------------|
| RUSSELL B. STEARNS . . . . . | <i>President</i>                                   |
| EDWARD K. DUNN . . . . .     | <i>Vice-President and Treasurer</i>                |
| C. T. WILLIAMS, JR. . . . .  | <i>Secretary</i>                                   |
| ALLISON M. BERRY . . . . .   | <i>Assistant Secretary and Assistant Treasurer</i> |
| M. MAY . . . . .             | <i>Assistant Secretary and Assistant Treasurer</i> |

### *Directors*

ERNEST F. BOYCE  
President  
Colonial Stores Incorporated  
Atlanta, Georgia

EDWARD K. DUNN  
Chairman, Executive Committee  
Robert Garrett & Sons, Inc.  
Baltimore, Maryland  
Investments

JAMES W. MOSS  
Chairman, Executive Committee  
Gardner and Preston Moss, Inc.  
Boston, Massachusetts  
Investment Management

ELLIS D. SLATER  
Chairman, Executive Committee  
Riviana Foods, Inc.  
Houston, Texas

RUSSELL B. STEARNS  
Chairman  
Colonial Stores Incorporated  
Atlanta, Georgia

MARK UPSON  
Director  
Greater Cincinnati Foundation  
Cincinnati, Ohio

JOHN F. WATLINGTON, JR.  
President  
Wachovia Bank and Trust Company, N.A.  
Winston-Salem, North Carolina

CHARLES T. WILLIAMS, JR.  
President  
C. T. Williams and Co., Inc.  
Baltimore, Maryland  
Investments

### *Auditors*

PEAT, MARWICK, MITCHELL & Co.

### *Transfer Agent*

MARYLAND NATIONAL BANK  
Baltimore, Maryland

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